

1                                   **CREDIT SERVICES ORGANIZATIONS ACT**

2   **CHANGES**

3   2007 GENERAL SESSION

4   STATE OF UTAH

5   **Chief Sponsor: Lyle W. Hillyard**

6   House Sponsor: Ronda Rudd Menlove

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8                   **LONG TITLE**

9                   **General Description:**

10                   This bill clarifies the relationship between Title 13, Chapter 21, Credit Services  
11                   Organizations Act, and Title 13, Chapter 42, Uniform Debt-Management Services Act.

12                   **Highlighted Provisions:**

13                   This bill:

14                   ▶ provides that a person who provides debt-management services under Title 13,  
15                   Chapter 42, Uniform Debt-Management Services Act, is not considered a credit  
16                   services organization under Title 13, Chapter 21, Credit Services Organizations Act;  
17                   and

18                   ▶ makes technical changes.

19                   **Monies Appropriated in this Bill:**

20                   None

21                   **Other Special Clauses:**

22                   This bill takes effect on July 1, 2007.

23                   **Utah Code Sections Affected:**

24                   AMENDS:

25                   **13-21-2 (Effective 07/01/07)**, as last amended by Chapters 47 and 154, Laws of Utah  
26                   2006



28 *Be it enacted by the Legislature of the state of Utah:*

29 Section 1. Section **13-21-2 (Effective 07/01/07)** is amended to read:

30 **13-21-2 (Effective 07/01/07). Definitions -- Exemptions.**

31 As used in this chapter:

32 (1) "Buyer" means an individual who is solicited to purchase or who purchases the  
33 services of a credit services organization.

34 (2) "Credit reporting agency" means a person who, for a monetary fee, dues, or on a  
35 cooperative nonprofit basis, regularly engages in whole or in part in the practice of assembling  
36 or evaluating consumer credit information or other information on consumers for the purpose  
37 of furnishing consumer reports to third persons.

38 (3) (a) "Credit services organization" means a person who ~~§~~ **→** represents oneself or an  
38a employee as a debt professional or credit counselor, or ~~←§~~, with respect to the  
39 extension of credit by others, sells, provides, or performs, or represents that the person can or  
40 will sell, provide, or perform, in return for the payment of money or other valuable  
41 consideration any of the following services:

42 (i) improving a buyer's credit record, history, or rating; ~~§~~ **→** [or] ~~←§~~

43 (ii) providing advice, assistance, instruction, or instructional materials to a buyer with  
44 regard to Subsection (3)(a)(i) ~~§~~ **→** [·] ; or

44a (iii) debt reduction or debt management plans. ~~←§~~

45 (b) "Credit services organization" does not include:

46 (i) a person authorized to make loans or extensions of credit under the laws of this state  
47 or the United States who is subject to regulation and supervision by this state or the United  
48 States and who derives at least 35% of the person's income from making loans and extensions  
49 of credit;

50 (ii) a depository institution:

51 (A) as defined in Section 7-1-103; or

52 (B) that is regulated or supervised by the Federal Deposit Insurance Corporation or the  
53 National Credit Union Administration;

54 (iii) a person licensed as a real estate broker by this state if the person is acting within  
55 the course and scope of that license;

56 (iv) a person licensed to practice law in this state if:

57 (A) the person renders the services described in Subsection (3)(a) within the course and  
58 scope of the person's practice as an attorney; and

59 (B) the services described in Subsection (3)(a) are incidental to the person's practice as  
60 an attorney;

61 (v) a broker-dealer registered with the Securities and Exchange Commission or the  
62 Commodity Futures Trading Commission if the broker-dealer is acting within the course and  
63 scope of that regulation; [or]

64 (vi) a credit reporting agency if the services described in Subsection (3)(a) are  
65 incidental to the credit reporting agency's services[-]; or

66 (vii) a person who provides debt-management services and is required to be registered  
67 under Title 13, Chapter 42, Uniform Debt-Management Services Act.

68 (4) "Extension of credit" means the right to defer payment of debt or to incur debt and  
69 defer its payment, offered or granted primarily for personal, family, or household purposes.

70 Section 2. **Effective date.**

71 This bill takes effect on July 1, 2007.

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**Legislative Review Note**  
**as of 12-19-06 11:40 AM**

**Office of Legislative Research and General Counsel**

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**S.B. 101 - Credit Services Organizations Act Changes**

**Fiscal Note**

2007 General Session

State of Utah

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**State Impact**

Enactment of this bill will not require additional appropriations.

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**Individual, Business and/or Local Impact**

Enactment of this bill likely will not result in direct, measurable costs and/or benefits for individuals, businesses, or local governments.

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*1/9/2007, 11:12:39 AM, Lead Analyst: Eckersley, S.*

**Office of the Legislative Fiscal Analyst**